ASIA PACIFIC FOUNDATION OF CANADA
FONDATION ASIE PACIFIQUE DU CANADA

POSITIONING CANADA FOR **SUCCESS**

Annual Report

2025-26

FINANCIAL REPORTS



Non-Consolidated Financial Statements of

ASIA PACIFIC FOUNDATION OF CANADA

And Independent Auditor's Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Asia Pacific Foundation of Canada

Opinion

We have audited the non-consolidated financial statements of Asia Pacific Foundation of Canada (the Foundation), which comprise:

- the non-consolidated statement of financial position as at March 31, 2026
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Foundation as at March 31, 2026, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2026, we also audited the adjustments that were applied to amend certain comparative information presented for the year ended March 31, 2025 and disclosed in Note 11 to the financial statements.

In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
July 28, 2026

ASIA PACIFIC FOUNDATION OF CANADA

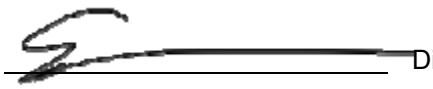
Non-Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	$ 5,569,313	$ 4,366,350
Accounts receivable and other receivable (note 10)	198,128	362,030
Prepaid expenses	206,854	144,513
Investments at fair value (note 3(a))	89,078,734	87,375,475
	95,053,029	92,248,368
Property and equipment (note 4)	48,887	67,589
Deposits	37,821	37,821
	$ 95,139,737	$ 92,353,778
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 847,179	$ 901,828
Deferred revenue (note 5)	5,444,875	4,381,756
Subtenant deposit	47,749	47,749
	6,339,803	5,331,333
Net assets:		
Unrestricted fund	88,799,934	87,022,445
	88,799,934	87,022,445
Commitments and guarantees (note 7)		
	$ 95,139,737	$ 92,353,778

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:



Director



Director

ASIA PACIFIC FOUNDATION OF CANADA

Non-Consolidated Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Investment income (note 3(b))	$ 2,358,593	$ 2,288,985
Public sector funding	6,862,692	4,926,068
Private sector funding	494,240	501,440
Sponsored programs	43,645	21,252
	9,759,170	7,737,745
Operating expenses (note 9):		
Projects	2,956,934	2,895,081
Canada-in-Asia Conference	355,920	831,589
Kakehashi Program	308,812	281,197
APEC - Canada Growing Business Partners	795,162	315,151
Indo-Pacific initiative (“IPI”) Grant Agreement (note 5)	3,740,727	2,335,010
Indo-Pacific initiative (“IPI”) Contribution Agreement (note 5)	397,433	125,838
McArthur Fellowship	67,182	8,936
Administration	1,122,550	1,204,564
Communication and public outreach	683,728	516,408
Facility and amortization	222,365	218,329
Grants	274,455	288,723
Secretariats	478,891	375,740
Board	179,113	159,049
Investment management fees and custodian fees (note 3(b))	717,214	479,891
	12,300,486	10,035,506
Deficiency of revenue over expenses before the undernoted	(2,541,316)	(2,297,761)
Realized gain on investments	4,576,294	3,384,846
Unrealized gain (loss) on investments	(257,489)	2,154,795
Excess of revenue over expenses	$ 1,777,489	$ 3,241,880

See accompanying notes to non-consolidated financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Restricted endowment fund	Unrestricted fund	Total
Balance, March 31, 2024	$ 50,000,000	$ 33,780,565	$ 83,780,565
Excess of revenue over expenses	-	3,241,880	3,241,880
Interfund transfer (note 7(c))	(50,000,000)	50,000,000	-
Balance, March 31, 2025	-	87,022,445	87,022,445
Excess of revenue over expenses	-	1,777,489	1,777,489
Balance, March 31, 2026	$ -	$ 88,799,934	$ 88,799,934

See accompanying notes to non-consolidated financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
		Amended - Note 11
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 1,777,489	$ 3,241,880
Items not involving cash:		
Amortization	31,006	30,600
Unrealized loss (gain) on investments	257,489	(2,154,795)
Realized gain on investments	(4,576,294)	(3,384,846)
	(2,510,310)	(2,267,161)
Changes in non-cash operating working capital:		
Accounts receivable	163,902	390,975
Prepaid expenses	(62,341)	(7,294)
Accounts payable and accrued liabilities	(54,649)	208,504
Deferred revenue	1,063,119	2,614,313
Accrued grant obligation	-	(251,356)
	(1,400,279)	687,981
Investing activities:		
Purchase of equipment	(12,304)	(11,821)
Sale of investments	2,615,546	2,383,734
	2,603,242	2,371,913
Increase in cash	1,202,963	3,059,894
Cash, beginning of year	4,366,350	1,306,456
Cash, end of year	$ 5,569,313	$ 4,366,350

See accompanying notes to non-consolidated financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Non-Consolidated Financial Statements

Year ended March 31, 2026

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1. Nature of operations:

The Asia Pacific Foundation of Canada (the "Foundation") is a not-for-profit organization focused on Canada's relations with Asia and established by an Act of Parliament in 1984. The mission is to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada. The Foundation is dedicated to strengthening ties between Canada and Asia with a focus on eight thematic areas: trade and investment, surveys and polling, regional security, digital technologies, domestic networks, sustainable development; building Asia Competency among Canadians, including young Canadians; and improving Canadians' general understanding of Asia and its growing global influence.

The Foundation is registered with Canada Revenue Agency as a charitable organization and is exempt from income taxes.

2. Significant accounting policies:

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, under Part III of the CPA Canada Handbook - *Accounting* and reflect the following significant accounting policies:

(a) Basis of accounting and presentation:

In fiscal 2025, a separate legal entity, Asia Pacific Foundation of Canada (Singapore) Limited ("APFCS"), was established under The Companies Act (1967) (Singapore) as a Public Company Limited by Guarantee carrying out non-profit making activities as a regional office of the Foundation (note 10). APFCS is controlled by the Foundation, which has the sole right to direct the financial and operating policies of the entity. APFCS has been granted tax exempt status for the period July 1, 2025 to June 30, 2030 by the Inland Revenue Authority of Singapore.

The Foundation has elected not to consolidate the financial statements of its controlled entity. These financial statements present the financial position and results of operations of the Foundation on a non-consolidated basis. Summary financial information of the controlled entity and details of any inter-entity transactions and balances are disclosed in the notes to the financial statements (note 10).

(b) Revenue recognition:

(*i*) The Foundation follows the deferral method of accounting for public and private sector funding and sponsorship contributions. Unrestricted contributions are recognized as revenue in the period in which they are received. Restricted contributions are recognized when spent on the purpose as specified.

The funds are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured and in the same year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in net assets.

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

(*ii*) Investment income is recorded on an accrual basis and recognized as revenue when earned, other than the investment and interest income earned on the McArthur Fellowship fund as well as on the Indo-Pacific Initiative ("IPI") Grant and Contribution funds, which are restricted and deferred as part of deferred revenue until spent (notes 3 and 5).

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value with changes in fair value recognized in the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Property and equipment:

Property and equipment are originally recorded at cost. Repairs and maintenance costs are charged to expense. Amortization is provided on a straight-line basis based on the assets' estimated useful lives using the following rates:

Computer equipment	3 years
Furniture and office equipment	4 - 6 years
Leasehold improvements	Lesser of useful life and remaining lease term

When a capital asset no longer contributes to the Foundation's activity to provide services, its carrying amount is written down to its fair value or replacement cost.

2. Significant accounting policies (continued):

(e) Allocation of expenses:

The Foundation incurs a number of general expenses that are common to the administration of the Foundation and each of its programs. The Foundation allocates its general expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year (note 9).

General expenses relate to human resources, information technology, finance and administration. Human resources and information technology are allocated based on time spent in relation to the programs. Finance and administration expenses are allocated based on actual usage and costs.

(f) Employee future benefits:

The Foundation provides a defined contribution plan in the form of a match group registered retirement savings plan (“RRSP”) contribution up to 5% of gross salary. Contributions toward the plan are expensed as incurred. During the fiscal 2026, the Foundation incurred $133,729 (2025 - $119,580) in contribution expense for RRSP benefits.

(g) Contributed services and materials:

The Foundation may receive contributed services, including services from governance members, sponsors and volunteers each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the non-consolidated financial statements.

Contributed materials are recorded at fair value at the date of contribution where such fair value is determinable, and the contributed materials would otherwise have been purchased.

(h) Foreign currency translation:

Monetary items denominated in a foreign currency are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired, or obligations incurred. Revenues and expenses are translated at average rates for the month in which they are incurred. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items requiring the use of management estimates include the fair value of investments. Actual results may differ from these estimates.

3. Investments and investment income:

(a) Investments at fair value:

Investments are comprised of portfolios as at March 31 as follows:

	2026	2025
Endowment fund portfolio (*i*)	$ 87,437,944	$ 85,784,947
McArthur Fellowship portfolio (*ii*)	1,640,790	1,590,528
	$ 89,078,734	$ 87,375,475

(*i*) The endowment fund portfolio, which is not subject to restrictions and is only appropriated for current purposes, holds investments at fair value as follows:

	2026	2025
Phillips, Hager & North Funds Mortgage Pension Trust	$ 4,068,560	$ 3,936,191
Short-Term Bond & Mortgage Fund	7,326,723	4,299,436
Canadian Money Market Fund	60,437	71,667
RBC QUBE Low Volatility Global Equity Fund	11,403,841	11,312,644
	22,859,561	19,619,938
Fiera Capital Corporation Funds:		
Short-term investments	38	37
Canadian equity fund	20,975,570	22,124,852
Global equity fund	21,055,728	20,399,697
	42,031,336	42,524,586
Romspen Investment Corporation Mortgage investment funds	6,124,585	7,516,065
Axium Infrastructure fund	9,523,000	8,962,000
Vancouver Foundation Asia Pacific Foundation of Canada Fund	12,526	12,584
CBRE GIP Global Alpha Fund - Distribution Units	6,886,936	7,149,774
	$ 87,437,944	$ 85,784,947

(*ii*) The McArthur Fellowship portfolio is invested with the funds belonging to the McArthur Fellowship program (note 5). It holds investments at fair value as follows:

	2026	2025
Fiera Capital Corporation - Balanced EFT Fund	$ 1,640,790	$ 1,590,528

3. Investments and investment income (continued):

(b) Investment income:

Investment income is comprised of the following:

	2026	2025
Income and capital distributions	$ 1,942,614	$ 1,926,118
Dividend	19,136	48,333
Interest	396,843	314,534
	$ 2,358,593	$ 2,288,985

The Foundation incurred $717,214 (2025 - $479,891) in investment management and custodian fees during the year ended March 31, 2026. This results in a net investment income of $1,641,379 (2025 - $1,809,094).

The investment income earned net of fees incurred related to the McArthur Fellowship investment portfolio are deferred and accounted for through the McArthur Fellowship program funds (note 5).

4. Property and equipment:

2026	Cost	Accumulated amortization	Net book value
Computer equipment	$ 113,186	$ 96,529	$ 16,657
Furniture and office equipment	292,774	276,607	16,167
Leasehold improvements	67,571	51,508	16,063
	$ 473,531	$ 424,644	$ 48,887

2025	Cost	Accumulated amortization	Net book value
Computer equipment	$ 100,882	$ 84,339	$ 16,543
Furniture and office equipment	292,774	269,500	23,274
Leasehold improvements	67,571	39,799	27,772
	$ 461,227	$ 393,638	$ 67,589

5. Deferred revenue:

2026	McArthur Fellowship	Kakehashi Program	IPI Grant	Other Programs	Total
Balance, beginning of year	$ 1,614,898	$ 242,472	$ 1,856,071	$ 668,315	$ 4,381,756
Funds received	-	270,862	4,556,181	3,426,791	8,253,834
Funds receivable	-	-	-	70,795	70,795
Investment income earned	284,515	-	-	-	284,515
Change in fair value of investment	(234,112)	-	-	(26,047)	(260,159)
Revenue recognized	(67,182)	(317,951)	(3,740,727)	(3,160,006)	(7,285,866)
Balance, end of year	$ 1,598,119	$ 195,383	$ 2,671,525	$ 979,848	$ 5,444,875

2025	McArthur Fellowship	Kakehashi Program	IPI Grant	Other Programs	Total
Balance, beginning of year	$ 1,499,886	$ 44,000	$ -	$ 223,557	$ 1,767,443
Funds received	-	489,089	4,191,081	2,928,038	7,608,208
Funds receivable	-	-	-	200,000	200,000
Investment income earned	137,818	-		-	137,818
Change in fair value of investment	(13,870)	-	-	-	(13,870)
Revenue recognized	(8,936)	(290,617)	(2,335,010)	(2,683,280)	(5,317,843)
Balance, end of year	$ 1,614,898	$ 242,472	$ 1,856,071	$ 668,315	$ 4,381,756

As at March 31, 2026, the McArthur Fellowship deferred funds are held in investments of $1,640,790 (2025 - $1,590,528) (note 3(a)(*ii*)), and in cash (cash deficiency) of ($42,671) (2025 - $24,370).

As at March 31, 2026, the Kakehashi Program had funds unspent and deferred in the amount of $195,383 (2025 - $242,472). The Ministry of Foreign Affairs of Japan (the “Ministry”) has confirmed extension of the program into the next fiscal year and has already disbursed additional funds for that purpose. The Foundation is awaiting confirmation from the Ministry regarding roll-over of unspent funds into fiscal 2027.

During fiscal 2026, the Foundation has allocated administrative fees of $9,139 (2025 - $9,430) to the Kakehashi Program as allowed under the program agreement. These amounts have been included as revenues in the statement of operations.

During fiscal 2025, the Minister of Foreign Affairs, acting through the Department of Foreign Affairs, Trade and Development (“DFATD”) committed $24,500,000 to be provided over five years for the Foundation to establish and staff a new regional office in Singapore and launch a suite of new programs in the region, in what the Foundation refers to as APF Canada’s Indo-Pacific Initiative (“IPI”). The funding is split between a grant agreement (“IPI Grant”) and a contribution agreement (“IPI Contribution”). The IPI Grant funding is to support the operations of a regional office in Singapore (“Asia Regional Office/ARO”) and to support programming and research aligned with Canada’s Indo-Pacific Strategy over five years. The IPI Contribution funding is to cover program and personnel costs for three programs (Canada-Asia Joint Research Grants, Next Generation of Indo-Pacific Policy Leaders, and Canada-Asia Media Fellowship).

5. Deferred revenue (continued):

During fiscal 2026, the Foundation received $4,997,820 (2025 - $4,439,540) of which $4,556,181 (2025 - $4,191,081) was from the IPI Grant and $441,639 (2025 - $248,459) was from the IPI Contribution. Of the funding received, the Foundation recognized $3,740,727 (2025 - $2,335,010) in revenues from the IPI Grant, where $1,535,215 (2025 - $981,130) was for grants issued to APFCS (note 10). The Foundation also recognized $397,433 (2025 - $125,838) in revenues from the IPI Contribution during the year.

As at March 31, 2026, the IPI Grant has unspent funds and deferred in the amount of $2,671,525 (2025 - $1,856,071).

As at March 31, 2026, the IPI Contribution has unspent funds and deferred in the amount of $166,828 (2025 - $122,621). This amount is recorded as part of Other Programs deferred revenue.

6. Contributed materials:

During the year ended March 31, 2026, the Foundation received $82,791 (2025 - $48,000) in contributed materials from sponsors that was included in revenues in the non-consolidated Statement of Operations.

7. Commitments and guarantees:

(a) As at March 31, 2026, the Foundation has three operating leases related to its office premises, which include two leases in Vancouver that expire in January 2027 and November 2031 and a Toronto lease that expires in May 2027. The future minimum lease payments in the next five years are as follows:

2027	$	282,589
2028		120,907
2029		116,424
2030		117,348
2031		119,196
2032 and thereafter		79,464
	$	835,928

The Vancouver lease that expires in January 2027 has a monthly minimum lease payment of $13,188 and has been subleased to a tenant at the same rate of $13,188 per month. The total annual lease payment is recorded net of sublease revenue. The sublease agreement also expires in January 2027.

(b) The Foundation currently guarantees credit cards used by its employees for travel expenses with a total limit of up to $195,500 (2025 - $195,000).

7. Commitments and guarantees (continued):

(c) The Foundation, under its 2005 endowment fund Conditional Grant Agreement ("CGA"), was committed in any fiscal year to use a minimum of 25% of the rolling endowment fund income reported in the second prior year statement of operations to fund its grants program. In fiscal 2025, the CGA was terminated and the grant obligations were relieved in the current year and going forward.

The termination has removed requirement to hold the funds as restricted endowment funds; thus in fiscal 2025, the $50,000,000 endowment fund was transferred from the externally restricted fund to the unrestricted fund.

8. Financial risks:

(a) Credit risk:

Credit risk represents the financial loss that the Foundation would suffer if the Foundation's counterparties to a financial instrument, in owing an amount to the Foundation, fail to meet or discharge their obligation to the Foundation. As at March 31, 2026, the Foundation is exposed to credit risk in connection with its cash, accounts receivable, investments and deposits.

The Foundation manages its credit risk by investing in instruments with reputable banks and investment managers in accordance with its Investment Policy. Exposure to credit risk in accounts receivable is reduced as the monies outstanding are due from multiple credit-worthy debtors.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when they become due. Management forecasts cash flows periodically to ensure the Foundation has sufficient cash available on demand to meet expected operational expenses and committed grant obligations for one year. The Foundation's investments include an investment in Romspen Investment Corporation Mortgage Investment Funds (note 3) which has been impacted by the market conditions of the real estate sector. As a result, the liquidity of such investment may be adversely affected by changes in real estate market conditions, interest rates and general economic conditions.

8. Financial risks (continued):

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing returns. This risk is managed through a diversified portfolio in accordance with the Foundation's Investment Policy approved by its Board, and monitoring of the market capitalization and trading liquidity of each holding.

(*i*) Interest rate risk:

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation's investments in bond, mortgage and money market funds are subject to interest rate risks.

(*ii*) Currency risk:

Currency risk is the risk that the fair value and/or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has transactions and investments in foreign currencies. Fluctuations in the foreign exchange rate give rise to a risk that revenues over expenditures and cash flows may be negatively impacted.

The Foundation does not enter into foreign exchange contracts to manage the effect of currency risk.

(*iii*) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk on its investments in its equity fund holdings. The exposure to price changes is managed by monitoring the changes in market conditions that may have an impact on the market prices or factors affecting the value of these investments.

There have been no significant changes to the Foundation's exposure to the above financial risks from the prior year.

9. Allocation of expenses:

Human resources, information technology and finance and administration expenses have been allocated to programs as follows:

	2026	2025
Projects	$ 1,562,569	$ 1,786,241
Canada-in-Asia Conference	270,401	297,330
Kakehashi Program	120,746	124,363
APEC - Canada Growing Business Partnership	255,057	222,204
IPI Grant Agreement	526,817	292,961
IPI Contribution Agreement	58,091	25,784
McArthur Fellowship	73	72
Communication and public outreach	593,084	399,919
Grants program	4,202	7,810
Secretariats	203,178	191,596
Board	103,534	90,931
	$ 3,697,752	$ 3,439,211

10. Controlled entity and related party transactions:

The Foundation established a wholly controlled non-profit entity, APFCS, during the year ended March 31, 2025.

During the year, the Foundation provided grant funding of $1,535,215 (2025 - $981,130) to APFCS to support its programs and operations as part of the IPI Grant Agreement (note 5). These transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to the grant funding, the Foundation provided $32,973 (2025 - nil) in management fees to APFCS for services relating to management of research programmes, support and assistance for events and in relation to fundraising and sponsorship activities, and any other services as agreed upon between the Foundation and APFCS from time to time.

	2026	2025
Due from APFCS	$ 22,548	$ -

Amounts due from APFCS are unsecured, non-interest bearing and due on demand.

The net assets, revenues and expenses of APFCS are not consolidated in the Foundation’s financial statements.

10. Controlled entity and related party transactions (continued):

The financial summary of results of APFCS as at March 31, 2026 and for the year then ended presented in Canadian dollars is as follows:

	2026	2025
Financial position:		
Total assets	$ 1,311,620	$ 1,753,658
Total liabilities	(1,320,337)	(1,802,653)
Net assets (deficiency)	$ (8,717)	$ (48,995)
Revenues and expenses:		
Revenues	$ 1,812,805	$ 205,693
Expenses	(1,772,399)	(254,018)
Excess (deficiency) of revenue over expenses	$ 40,406	$ (48,325)
Other comprehensive loss:		
Exchange differences on translation	$ (128)	$ (669)
Other comprehensive loss	$ (128)	$ (669)
Cash flows:		
Cash flows from (used in) operating activities	$ 366,114	$ (217,851)
Cash flows from (used in) investing activities	(19,121)	-
Cash flows from (used in) financing activities	(329,829)	217,851

APFCS financial statements are prepared in accordance with Financial Reporting Standards ("FRS") and the related interpretations to FRS as issued by the Accounting Standards Committee under Accounting and Corporate Regulatory Authority ("ACRA") in Singapore. The accounting policies applied under this accounting framework differ most significantly from the Canadian accounting standards for not-for-profit organizations ("ASNPO") under which the Foundation financial statements are prepared in how operating leases are accounted for whereby under FRS, an asset and liability are initially set up equal to the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability. Finance charges are recorded as an expense and the related right of use asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. As at March 31, 2026, the presented financial position includes balances of $669,385 (2025 - $1,008,289) in right of use asset and $616,908 (2025 - $916,729) in lease liability.

Under ASNPO, operating lease payments are generally recognized as expenses on a straight-line basis over the lease term.

11. Amendment to comparative statement of cash flows:

During the year ended March 31, 2026, management determined that the realized gain on investments should have been classified as investing activities in the non-consolidated statement of cash flows. Accordingly, the non-consolidated statement of cash flows for the year ended March 31, 2025 was amended to reclassify the realized gain on investments of $3,384,846 from operating activities to investing activities with no change to cash flows. The amendment had no impact on the non-consolidated statement of operations, non-consolidated statement of changes in net assets, or non-consolidated statement of financial position.

	As previously reported	Amendment	As amended
Cash flows from (used in) operating activities	$ 4,072,827	$ (3,384,846)	$ 687,981
Cash flows from (used in) investing activities	(1,012,933)	3,384,846	2,371,913

